



WATER COST OF SERVICE ANALYSIS AND RATE DESIGN

Riverside Public Utilities

Board of Public Utilities

January 23, 2023

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BACKGROUND

1. March 14, 2022, Board approved Water Cost of Service Analysis (COSA) and Rate Design Project with Carollo
 - Support for next 5-year water rate plan
2. Water Rate Trend Study presented to Board on August 8, 2022

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WATER COSA AND RATE DESIGN PROJECT

1. Comprehensive review of all rate schedules
2. Forecasts future revenue requirements
3. Equitable allocation of costs among customer classes
4. Water utility rate trends study
5. Five-year proposed rate design recommendation
6. Customer impact analysis
7. Recycled water rate design recommendation
8. Budget-based rate design and implementation plan



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FUTURE WATER REVENUE REQUIREMENTS

Considerations:

1. Changing Industry and Regulatory Requirements –The impacts of drought mandates and treatment requirements
2. Operating and Infrastructure Costs – Production, transmission, distribution, and capital improvements
3. Essential to identify the cost to serve the City's customers and ensure equitable allocation of cost responsibility among customer rate classes.



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PROJECT AMENDMENTS

Additional cost of service and rate design analysis required

1. Sales forecasts and customer usage projections
2. Cost of service allocations including allocation of capital improvement projects
3. Rate design considerations and associated customer bill impacts

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WATER COSA AND RATE DESIGN PROJECT

Consultant: Carollo Engineers, Inc	Amount
Phases I, II, and III- Cost of Service Analysis, Rate Trends Study, Rate Design, Recycled Water Rate Design, Budget-Based Rate Design and Implementation Plan	\$153,100
Subtotal	\$153,100
In Person Meetings (Two)	\$8,040
Total	\$161,140
First Amendment- Additional Cost of Service and Rate Design Analysis	\$13,692
Second Amendment- Additional Cost of Service and Rate Design Analysis	\$40,000
Final Total	\$214,832

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PROJECT TIMELINE

Project Phase						
	Jan	Feb	Mar	Apr	May	June
I Cost of Service						
II Rate Trend Study	Complete					
III Rate Design						
IV Recycled Water Rate Design						
V Budget Based Rate Design	After review, not proposed at this time					
Note: Timeline includes completing draft reports pending recommendations from City Council and RPU Board, community outreach and feedback, and final approval.						



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STRATEGIC PLAN ALIGNMENT



Strategic Priority 6 - Infrastructure, Mobility & Connectivity

Goal 6.2 - Maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATION

That the Board of Public Utilities recommend that the City Council approve a Second Amendment to the Professional Consultant Services Agreement for Water Cost of Service Analysis and Rate Design with Carollo Engineers, Inc., of Riverside, California, increasing the contract amount by \$40,000 for a total revised contract amount of \$214,832.